

Introduced Version

## **HOUSE BILL No. 1003**

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### **DIGEST OF INTRODUCED BILL**

**Citations Affected:** IC 6-3.1-30.5; IC 20-51.

**Synopsis:** School scholarships. Increases the school scholarship tax credits that may be awarded for donations to a scholarship granting organization. Allows scholarship granting organizations to grant scholarships to families with income that is not more than 250% of the amount required for the individual to qualify for the federal free or reduced price lunch program. Provides scholarships to low income students to pay the costs of tuition and fees at a public or private elementary school or high school that charges tuition.

**Effective:** July 1, 2011.

**Behning, Bosma**

January 20, 2011, read first time and referred to Committee on Education.

Introduced

## First Regular Session 117th General Assembly (2011)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2010 Regular Session of the General Assembly.

## HOUSE BILL No. 1003

A BILL FOR AN ACT to amend the Indiana Code concerning education.

*Be it enacted by the General Assembly of the State of Indiana:*

SOURCE: IC 6-3.1-30.5-8; (11)IN1003.1.1. --> SECTION 1.  
IC 6-3.1-30.5-8, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 8. The amount of a taxpayer's credit is equal to ~~fifty percent (50%)~~ **the following percentage** of the amount of the contribution made to the scholarship granting organization for a school scholarship program:

**(1) Fifty percent (50%) for a taxpayer's taxable year beginning in 2010 or 2011.**

**(2) Sixty percent (60%) for a taxpayer's taxable year beginning in 2012.**

**(3) Seventy percent (70%) for a taxpayer's taxable year beginning in 2013.**

**(4) Eighty percent (80%) for a taxpayer's taxable year beginning in 2014 or a subsequent year.**

SOURCE: IC 6-3.1-30.5-13; (11)IN1003.1.2. --> SECTION 2.

IC 6-3.1-30.5-13, AS ADDED BY P.L.182-2009(ss), SECTION 205, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 13. The total amount of tax credits awarded under this chapter may not exceed two million five hundred thousand dollars (\$2,500,000) in ~~any~~ a state fiscal year **that begins after June 30, 2009, and ends before July 1, 2012.** **The total amount of tax credits that may be awarded under this chapter in a state fiscal year beginning after June 30, 2012:** (1) increases by an additional ten million dollars (\$10,000,000) in each state fiscal year that the total amount of tax credits awarded in the immediately preceding state fiscal year equaled at least ninety percent (90%) of the maximum amount permitted to be awarded under this section in the immediately preceding state fiscal year; and (2) is equal to the maximum permissible amount of tax credits that were permitted to be awarded under this section in the immediately preceding state fiscal year, if subdivision (1) does not apply. SOURCE: IC 20-51-1-4.5; (11)IN1003.1.3. --> SECTION 3. IC 20-51-1-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4.5. "Eligible individual" refers to an individual who:

- (1) has legal settlement in Indiana;
- (2) is at least five (5) years of age and less than twenty-two (22) years of age on the date in the school year specified in IC 20-33-2-7;
- (3) either has been or is currently enrolled in an accredited school;
- (4) is a member of a household with an annual income of not more than two hundred fifty percent (250%) of the amount required for the individual to qualify for the federal free or reduced price lunch program; and
- (5) either:
  - (A) was enrolled in a school corporation that did not charge the individual transfer tuition for at least two (2)

**semesters immediately preceding the first semester for which the individual receives a choice scholarship under IC 20-51-4; or**

**(B) received a choice scholarship under IC 20-51-4 in a preceding school year, including a school year that does not immediately precede a school year in which the individual receives a choice scholarship under IC 20-51-4.**

**SOURCE: IC 20-51-1-4.7; (11)IN1003.1.4. --> SECTION 4. IC 20-51-1-4.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 4.7. "Eligible school" refers to a public or nonpublic elementary school or high school that:**

- (1) is located in Indiana;**
- (2) requires an eligible individual to pay tuition or transfer tuition to attend;**
- (3) voluntarily agrees to enroll an eligible individual;**
- (4) is accredited by either the state board or a national or regional accreditation agency that is recognized by the state board;**
- (5) administers the tests under the Indiana statewide testing for educational progress (ISTEP) program or administers another nationally recognized and norm-referenced assessment of the school's students; and**
- (6) is not a charter school or the school corporation in which an eligible individual has legal settlement under IC 20-26-11.**

**SOURCE: IC 20-51-1-5; (11)IN1003.1.5. --> SECTION 5. IC 20-51-1-5, AS ADDED BY P.L.182-2009(ss), SECTION 364, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 5. "Eligible student" refers to an individual who:**

- (1) has legal settlement in Indiana;**
- (2) is at least five (5) years of age and less than twenty-two (22) years of age on the date in the school year specified in IC 20-33-2-7;**

(3) either has been or is currently enrolled in a participating school;

(4) either:

(A) is a member of a household with an annual income of not more than two hundred **fifty** percent (~~200%~~) (**250%**) of the amount required for the individual to qualify for the federal free or reduced price lunch program; or

(B) received a scholarship under ~~this article~~ **IC 20-51-3** in the immediately preceding school year or the immediately preceding term of the current school year and qualified under clause (A) in the first year that the individual received a scholarship under ~~this article~~; **IC 20-51-3**; and

(5) meets at least one (1) of the following conditions:

(A) The individual is enrolling in kindergarten.

(B) The individual was enrolled in a public school during the school year preceding the first school year for which a scholarship granting organization provides a scholarship to the individual.

(C) The individual received a scholarship (**that did not qualify as a school scholarship under IC 20-51-3**) in the previous year from a nonprofit scholarship granting organization that qualifies for certification as a school scholarship program.

(D) The individual received a school scholarship **under IC 20-51-3** for the previous school year.

SOURCE: IC 20-51-4; (11)IN1003.1.6. --> SECTION 6. IC 20-51-4 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]:

#### **Chapter 4. Choice Scholarship**

**Sec. 1. An eligible individual is entitled to a choice scholarship under this chapter for each school year beginning after June 30, 2012, that the eligible student enrolls in an eligible school.**

**Sec. 2. The maximum amount to which an eligible individual is entitled under this chapter for a school year is equal to the**

**lesser of the following:**

**(1) The sum of the tuition, transfer tuition, and fees required for enrollment or attendance of the eligible student at the eligible school selected by the eligible individual for a school year that the eligible individual (or the parent of the eligible individual) would otherwise be obligated to pay to the eligible school.**

**(2) An amount equal to:**

**(A) ninety percent (90%) of the state tuition support amount determined under section 3 of this chapter if the eligible individual is a member of a household with an annual income of not more than the amount required for the individual to qualify for the federal free or reduced price lunch program;**

**(B) fifty percent (50%) of the state tuition support amount determined under section 3 of this chapter if the eligible individual is a member of a household with an annual income of not more than two hundred percent (200%) of the amount required for the individual to qualify for the federal free or reduced price lunch program; and**

**(C) twenty-five percent (25%) of the state tuition support amount determined under section 3 of this chapter if the eligible individual is a member of a household with an annual income of not more than two hundred fifty percent (250%) of the amount required for the individual to qualify for the federal free or reduced price lunch program.**

**Sec. 3. The state tuition support amount to be used in section 2(2) of this chapter for an eligible individual is the amount determined under the last STEP of the following formula: STEP ONE: Determine the school corporation in which the eligible individual has legal settlement. STEP TWO: Determine the amount of state tuition support that the school corporation identified under STEP ONE is eligible to receive under IC 20-43 for the calendar year in which the current school year begins. STEP THREE: Determine the**



result of: (A) the STEP TWO amount; divided by (B) the current ADM (as defined in IC 20-43-1-10) for the school corporation identified under STEP ONE for the calendar year used in STEP TWO. Sec. 4. If an eligible individual enrolls in an eligible school for less than an entire school year, the choice scholarship provided under this chapter for that school year shall be reduced on a prorated per diem basis to reflect the shorter school term. Sec. 5. The department shall administer this chapter. Sec. 6. The department may prescribe forms and methods for demonstrating eligibility for a choice scholarship under this chapter. Sec. 7. The department may distribute any part of a choice scholarship to the eligible individual (or the parent of the eligible individual) for the purpose of paying the educational costs described in section 2(1) of this chapter or make a direct distribution to the eligible school providing educational services to the eligible individual. Sec. 8. The amount of a choice scholarship provided to an eligible individual shall not be treated as income or a resource for the purposes of qualifying for any other federal or state grant or program administered by the state or a political subdivision.